

Deloitte Tax LLP
30 Rockefeller Plaza
New York, NY 10112-0015
Telephone: 212.436.7815
Facsimile: 212.653.5449
Elias Tzavelis

Tax Services Provider

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION, *et al.*,¹

Debtors.

)
)
) Chapter 11

)
) Case No. 18-23538 (RDD)

)
) (Jointly Administered)
)

**ELEVENTH MONTHLY FEE STATEMENT OF DELOITTE TAX LLP
FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT
OF EXPENSES INCURRED AS TAX SERVICES PROVIDER TO THE DEBTORS
FOR THE PERIOD
FROM OCTOBER 1, 2019 THROUGH OCTOBER 31, 2019**

| | |
|---|---|
| Name of Applicant: | Deloitte Tax LLP |
| Authorized to Provide Services as: | Tax Services Provider to the Debtors |
| Date of Retention: | Effective <i>Nunc Pro Tunc</i> to October 15, 2018 by Order entered January 17, 2019 |
| Period for which Compensation and Reimbursement is Sought: | October 1, 2019 through October 31, 2019 |

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); SR – Rover de Puerto Rico, LLC (f/k/a Sears de Puerto Rico, Inc. (3626)); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Rover Brands Business Unit, LLC (f/k/a Sears Brands Business Unit Corporation (4658)); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); Sears Brands Management Corporation (5365); and SRe Holding Corporation (4816). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Amount of Compensation Sought as \$10,333.00
Actual, Reasonable, and Necessary:

Amount of Expense Reimbursement Sought: \$0.00

Total Amount of Fees and Expense
Reimbursement Sought as Actual, Reasonable and \$10,333.00
Necessary (100%):

PRIOR FEE APPLICATIONS FILED

| Date Filed | Period Covered | Requested Fees | Requested Expenses | Approved Fees | Approved Expenses |
|-----------------------|----------------------------|-----------------------|---------------------------|----------------------|--------------------------|
| 03/07/19 Dkt. 2771 | 10/15/2018 – 11/30/2018 | \$1,001,528.00 | \$28,458.18 | \$1,001,528.00 | \$28,436.80 |
| 04/15/19 Dkt. 3212 | 12/01/2018 – 12/31/2018 | \$724,338.50 | \$10,156.37 | \$724,338.50 | \$10,156.37 |
| 04/15/19 Dkt. 3218 | 01/01/2019 – 01/31/2019 | \$975,867.00 | \$27,305.81 | \$975,867.00 | \$27,305.81 |
| 04/15/19 Dkt. 3219 | 02/01/2019 – 02/28/2019 | \$565,589.75 | \$4,349.96 | \$561,773.50 | \$4,349.96 |
| 06/13/19 Dkt. 4228 | 03/01/2019 – 03/31/2019 | \$564,154.00 | \$9,051.99 | \$564,154.00 | \$9,051.99 |
| 06/28/19 Dkt. 4386 | 04/01/2019 – 04/30/2019 | \$542,700.75 | \$5,068.85 | \$542,700.75 | \$5,068.85 |
| 08/12/19 Dkt. 4816 | 05/01/2019 – 05/31/2019 | \$216,380.75 | \$2,437.90 | \$216,380.75 | \$2,437.90 |
| 08/12/19 Dkt. 4819 | 06/01/2019 – 06/30/2019 | \$62,490.50 | \$82.17 | \$62,490.50 | \$82.17 |
| 11/21/19 Dkt. 6070 | 07/01/2019 – 08/31/2019 | \$125,251.00 | \$0.00 | Pending | |
| 11/21/19 Dkt. 6071 | 09/01/2019 – 09/30/2019 | \$8,891.00 | \$0.00 | Pending | |

CUMULATIVE TIME SUMMARY BY PROFESSIONAL

For the Period from October 1, 2019 through October 31, 2019

| Professional | Level | Rate | Hours | Fees |
|--------------------------------|-------------------|-------------|--------------|--------------------|
| Forrest, Jonathan | Partner/Principal | \$975.00 | 2.9 | \$2,827.50 |
| Sullivan, Brian | Managing Director | \$850.00 | 1.7 | \$1,445.00 |
| Tzavelis, Elias | Partner/Principal | \$850.00 | 0.9 | \$765.00 |
| Fielding, Stephen | Senior Manager | \$725.00 | 1.5 | \$1,087.50 |
| Butler, Mike | Manager | \$595.00 | 0.9 | \$535.50 |
| Abrom, Carisa | Senior Consultant | \$325.00 | 6.5 | \$2,112.50 |
| Allegretti, Joe | Consultant | \$325.00 | 1.0 | \$325.00 |
| Chatten, Colin | Consultant | \$325.00 | 3.8 | \$1,235.00 |
| Professional Subtotal : | | | 19.2 | \$10,333.00 |

CUMULATIVE FEES BY CATEGORY SUMMARY

For the Period from October 1, 2019 through October 31, 2019

| Categories | Hours | Fees |
|----------------------------------|--------------|--------------------|
| Preparation of Fee Applications | 9.1 | \$2,957.50 |
| State Tax Audit Services | 1.3 | \$1,105.00 |
| Tax Restructuring Services | 8.8 | \$6,270.50 |
| Fee's Category Subtotal : | 19.2 | \$10,333.00 |

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

October 01, 2019 - October 31, 2019

| Date | Description | Rate | Hours | Fees |
|---|--|----------|-------|------------|
| <i>Preparation of Fee Applications</i> | | | | |
| 10/01/2019 | | | | |
| Abrom, Carisa | Prepare combined July-August monthly fee statement. | \$325.00 | 1.0 | \$325.00 |
| 10/07/2019 | | | | |
| Abrom, Carisa | Update combined July-August monthly fee statement. | \$325.00 | 0.4 | \$130.00 |
| Chatten, Colin | Prepare summary of fees and expenses pursuant to request from M-III. | \$325.00 | 0.9 | \$292.50 |
| 10/10/2019 | | | | |
| Abrom, Carisa | Prepare September monthly fee statement. | \$325.00 | 1.1 | \$357.50 |
| 10/15/2019 | | | | |
| Chatten, Colin | Prepare summary of fees and expenses pursuant to request from M-III. | \$325.00 | 0.4 | \$130.00 |
| 10/22/2019 | | | | |
| Abrom, Carisa | Update September monthly fee statement. | \$325.00 | 1.5 | \$487.50 |
| Chatten, Colin | Prepare summary of fees and expenses pursuant to request from M-III. | \$325.00 | 0.7 | \$227.50 |
| 10/25/2019 | | | | |
| Abrom, Carisa | Finalize combined July-August monthly fee statement. | \$325.00 | 1.5 | \$487.50 |
| 10/28/2019 | | | | |
| Abrom, Carisa | Finalize September monthly fee statement. | \$325.00 | 1.0 | \$325.00 |
| 10/29/2019 | | | | |
| Chatten, Colin | Prepare summary of fees and expenses pursuant to request from M-III. | \$325.00 | 0.6 | \$195.00 |
| Subtotal for Preparation of Fee Applications: | | | 9.1 | \$2,957.50 |

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

October 01, 2019 - October 31, 2019

| Date | Description | Rate | Hours | Fees |
|--|---|----------|-------|------------|
| <i>State Tax Audit Services</i> | | | | |
| 10/09/2019 | | | | |
| Sullivan, Brian | Email to B. Carleo (Deloitte) regarding status of Sears sales tax settlement negotiation with Massachusetts Department of Revenue. | \$850.00 | 0.2 | \$170.00 |
| 10/11/2019 | | | | |
| Sullivan, Brian | Call with K. Lejkowski, R. Boyle and L. Meerschaert (all Sears) to discuss Massachusetts sales tax audit settlement. | \$850.00 | 0.6 | \$510.00 |
| 10/14/2019 | | | | |
| Sullivan, Brian | Analyze Delaware treatment of MNT transaction in 2018. | \$850.00 | 0.3 | \$255.00 |
| 10/16/2019 | | | | |
| Sullivan, Brian | Draft email to J. Pollak (Sears) regarding status of Massachusetts sales tax audit settlement discussions with Massachusetts Litigation Bureau Chief. | \$850.00 | 0.2 | \$170.00 |
| Subtotal for State Tax Audit Services: | | | 1.3 | \$1,105.00 |

Tax Restructuring Services

| | | | | |
|-------------------|---|----------|-----|----------|
| 10/02/2019 | | | | |
| Forrest, Jonathan | Review net operating loss order waiver. | \$975.00 | 0.6 | \$585.00 |
| 10/10/2019 | | | | |
| Sullivan, Brian | Call with S. Goldring, E. Remijan, and E. Allison (all Weil) to discuss Delaware tax treatment related to 2018 sale of intercompany notes by Sears Roebuck Acceptance Corp. | \$850.00 | 0.4 | \$340.00 |
| 10/17/2019 | | | | |
| Butler, Mike | Call with S. Goldring, E. Remijan of Weil and E. Tzavelis, S. Fielding, C. Chatten, and J. Forrest of Deloitte Tax to discuss status of bankruptcy proceedings and potential tax filing obligations associated with certain restructuring transactions. | \$595.00 | 0.9 | \$535.50 |

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

October 01, 2019 - October 31, 2019

| Date | Description | Rate | Hours | Fees |
|-----------------------------------|---|----------|-------|----------|
| <i>Tax Restructuring Services</i> | | | | |
| 10/17/2019 | | | | |
| Chatten, Colin | Review Sears Brands Business Unit Corporation transaction to assess whether a reportable transaction or material advisor disclosure filing is required. | \$325.00 | 0.3 | \$97.50 |
| Chatten, Colin | Call with S. Goldring, E. Remijan of Weil and E. Tzavelis, M. Butler and J. Forrest of Deloitte Tax to discuss status of bankruptcy proceedings and potential tax filing obligations associated with certain restructuring transactions. | \$325.00 | 0.9 | \$292.50 |
| Fielding, Stephen | Call with S. Goldring, E. Remijan of Weil and E. Tzavelis, M. Butler, C. Chaten, and J. Forrest of Deloitte Tax to discuss status of bankruptcy proceedings and potential tax filing obligations associated with certain restructuring transactions. | \$725.00 | 0.9 | \$652.50 |
| Forrest, Jonathan | Review revised net operating loss order. | \$975.00 | 0.8 | \$780.00 |
| Forrest, Jonathan | Call with S. Goldring, E. Remijan of Weil and E. Tzavelis, S. Fielding, M. Butler, and C. Chaten of Deloitte Tax to discuss status of bankruptcy proceedings and potential tax filing obligations associated with certain restructuring transactions. | \$975.00 | 0.9 | \$877.50 |
| Tzavelis, Elias | Call with S. Goldring, E. Remijan of Weil and S. Fielding, M. Butler, C. Chaten, and J. Forrest of Deloitte Tax to discuss status of bankruptcy proceedings and potential tax filing obligations associated with certain restructuring transactions. | \$850.00 | 0.9 | \$765.00 |
| 10/29/2019 | | | | |
| Allegretti, Joe | Review Internal Revenue Code Section 165(g)(3) calculations to check if the calculations tied to the tax returns. | \$325.00 | 1.0 | \$325.00 |

Sears Holdings Corporation

Deloitte Tax LLP

Fees Sorted by Category for the Fee Period

October 01, 2019 - October 31, 2019

| Date | Description | Rate | Hours | Fees |
|------|-------------|------|-------|------|
|------|-------------|------|-------|------|

Tax Restructuring Services

10/29/2019

| | | | | |
|-------------------|---|----------|-----|----------|
| Fielding, Stephen | Call with J. Forrest of Deloitte Tax to discuss gross receipts supporting documentation for potential worthless stock deduction. | \$725.00 | 0.6 | \$435.00 |
| Forrest, Jonathan | Call with S. Fielding of Deloitte Tax to discuss gross receipts supporting documentation for potential worthless stock deduction. | \$975.00 | 0.6 | \$585.00 |

Subtotal for Tax Restructuring Services:

8.8 \$6,270.50

Total**19.2 \$10,333.00**

Recapitulation

| Name | Rate | Hours | Fees |
|-------------------|----------|-------|------------|
| Forrest, Jonathan | \$975.00 | 2.9 | \$2,827.50 |
| Sullivan, Brian | \$850.00 | 1.7 | \$1,445.00 |
| Tzavelis, Elias | \$850.00 | 0.9 | \$765.00 |
| Fielding, Stephen | \$725.00 | 1.5 | \$1,087.50 |
| Butler, Mike | \$595.00 | 0.9 | \$535.50 |
| Abrom, Carisa | \$325.00 | 6.5 | \$2,112.50 |
| Allegretti, Joe | \$325.00 | 1.0 | \$325.00 |
| Chatten, Colin | \$325.00 | 3.8 | \$1,235.00 |